

# Committee on Ways and Means

## ***Washington Post* Story and the Democratic Agenda: Trying to Make Something Out of Nothing**

A recent *Washington Post* story turned a simple change in policy into a massive conspiracy theory, and Democrats – with no agenda of their own – have swallowed this fiction because they have nothing else to say. The story intimates that the *Deficit Reduction Act* gave health plans that participate in the Medicare program a \$22 billion windfall.

- First and foremost, let's be clear. The *Deficit Reduction Act* cut payments to Medicare Advantage plans by \$6.5 billion over five years. There's no way that type of reduction can be called a windfall.
- Democrats didn't support ANY efforts to reduce the deficit yet complain about high deficits. This is called lip service.

### **Here are the facts:**

- The Medicare Advantage (MA) program is currently transitioning from one payment system to another. During the last few years, plans had been getting additional payments to make the transition easier. Last year, the Administration proposed to end these additional payments.
- The Senate bill would have made this Administration proposal a change in law to be sure that the additional payments ended. The bill also required the Secretary of Health and Human Services to conduct a study comparing certain aspects of Medicare Advantage plans to the fee-for-service program. The results of that study would have been used to make permanent changes in how underlying MA payments were calculated.
- Conferees agreed that since the study required by the Senate bill had not yet been conducted, it didn't make sense to make permanent changes to the MA payment rates.
- Therefore the conferees decided to keep the policy of phasing out the additional payments to plans, along with the study comparing MA to fee-for-service, but elected not to make permanent changes to the calculation of MA rates in advance of the study.
- The five-year estimate of savings for both the Senate bill and the conference report were the same: \$6.5 billion.
- The 10-year score did change, because the conference report did not make a permanent change to MA rate calculations after the five-year period. But there's nothing in the legislation to prevent that change from being made in the future.
- No conspiracy. No late-night deal. No untoward influence of lobbyists. Just naysayers looking for anything to talk about to help people forget that they have nothing of substance to say.